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Rep. Duane Cheney
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Rep. Robert Hoffman
Rep. Phyllis Pond
Rep. Sue Scholer
Sen. Teresa Lubbers
Sen. Ron Alting
Sen. Kent Adams
Sen. Earline Rogers
Sen. Anita Bowser
Sen. Billie Breaux



INTERIM STUDY COMMITTEE ON EDUCATION ISSUES

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MEETING MINUTES¹

Meeting Date: August 27, 2002
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St.,
Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Rep. Greg Porter, Chairperson; Rep. Duane Cheney; Rep. Clyde Kersey; Rep. Robert Hoffman; Rep. Phyllis Pond; Rep. Sue Scholer; Sen. Teresa Lubbers; Sen. Ron Alting; Sen. Kent Adams; Sen. Earline Rogers; Sen. Anita Bowser; Sen. Billie Breaux.

Members Absent: None.

The meeting was called to order by Chairman Porter at 10:10 A.M. Members of the committee introduced themselves.

The chairman called on Terry Spradlin, Department of Education, to discuss Dr. Reed's press release on the 2002 SAT test scores for Indiana. The press release, Exhibit B, may be found on the Department's internet homepage, www.ideanet.doe.state.in.us, under current news. The percentage of students taking the test in Indiana increased by 2% for 2002 and the average math score increased by 2 points, from 501 to 503. The average verbal score for Indiana decreased 1 point, from 499 to 498. Over the last ten years Indiana has shown steady improvement and increased participation.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Charter Schools

Chairman Porter told the Committee that the discussion of charter schools is not an attempt to repeal the charter school law. The state is in a fiscal crisis and needs information on the funding of charter schools and the impact of funding on the state and local units of government. The state needs to know where we are and where we are going in funding charter schools.

Patty Bond, Department of Education, provided the Committee with information on the status of charter schools. Exhibit A lists the current charter schools and is available on the department's charter school website, <http://ideanet.doe.state.in.us/charterschools>. Mrs. Bond provided enrollment and funding information for 10 of the 11 charter schools opening this fall. The ten charter schools will serve 1,362 students from 59 different school corporations. The charter school students will generate \$1,987,678 in funding from the state for the last six months of CY 2002. The funding is based on the per student state revenue of the school where the student resides. For CY 2003, the funding for charter schools is redirected from the school where the student resides to the charter school educating the student. The redirection of funding will begin in February of 2003.

The Committee asked how students home schooled last year were treated. Mrs. Bond responded that the Department uses the school where the student resided for funding purposes. In response to questions from the Committee, Mrs. Bond noted that the state's Average Daily Membership is about 969,810. Charter school enrollment is approximately .1% of the total state enrollment. The Committee asked if a principal of a charter school requests the educational records of a student, would the school where the student resides be required to provide the records. Dan Keilman, the charter school liaison for the Department of Education, replied that the school should provide the records. Mrs. Bond was asked if charter schools receive a minimum guarantee like other public schools receive in the school formula. Mrs. Bond responded that there is no guarantee for charter schools. Charter schools receive the per student revenue of school where the student resides. The charter is generally for three years but a charter can be revoked before the three years.

Dr. Pat Pritchett, Superintendent of Indianapolis Public Schools, stated that his district has four charter schools. The impact of charter schools is a reduction of revenue of about \$3 million for his school corporation. He expressed concern that funding be based on students enrolled and included in the Average Daily Membership count date of September 13. If the number of charter school students changed during the school year, it would be difficult to plan.

The Committee asked how the \$3 million differed from the data provided by Mrs. Bond. Dr. Prichett responded that his data were for CY 2003 and Mrs. Bond's information was for the last six months of CY 2002. Dr. Prichett was asked about other funding issues. He replied that the best option for his school district would be for the state to fund charter schools directly. In response to questions from the Committee, Dr. Prichett mentioned that the impact of the \$3 million transfer from IPS has caused a reduction of approximately 50 elementary teachers. Indianapolis Public Schools employs about 3,000 teachers. The reduction was done by not replacing teachers who have left the system. The Committee asked if the loss of 50 teachers was directly due to charter schools. To which Dr. Prichett replied that it was. Administrators were also proportionally reduced.

Kay Gill and Addie King, parents of children at the Flanner House Elementary School, explained how charter schools were the best educational option for their children and expressed their concern for continued funding for charter schools.

Barbara Burke-Fondren, Community Montessori Inc., told the Committee she started discussing school choice about 6 ½ years ago. About 3 ½ years ago she started a private school and 10

days ago opened that school and became a charter school. The Department of Education has provided them with at least 10 pounds of paper concerning charter schools.

Chuck Little, Indiana Urban Schools Association, told the Committee that charter schools will be a fiscal issue. The funding of charter schools should not affect the funding of other public schools. Mr. Little also questioned the equity of charter schools receiving start-up funds when other public schools do not. The Committee responded that the funding from July to December 2002 was not start-up funding but a distribution of eligible funding. Mr. Little said that he thought it was start-up since it was received before school started.

The Committee asked if mobility of students from one school year to another was a problem before charter school legislation. Mr. Little responded that it was but it is compounded by charter schools.

John Kline, Fort Wayne Community Schools, distributed a handout, Exhibit C, that showed the loss of students by school building for Fort Wayne schools to charter schools. He stated that Fort Wayne could not reduce staff because the reduction was generally 1 or 2 students per school per grade.

Maureen Jayne, State Parent Teachers Association, provided the Committee with a paper, Exhibit D, describing the PTA's position on charter school. Charter schools should not have a negative impact on public schools, and funds should be specifically allocated to charter schools.

Gail Zeheralis, Indiana State Teachers Association, explained that her organization is supportive of charter schools and would like to help develop funding solutions. She stated that there are two issues, start-up costs and continuing costs. One solution might be to allow any documented loss for public schools due to the formation of charter schools be recovered by an excess levy. The excessive levy would not be subject to the remonstrance process and would not receive Property Tax Replacement Credits. She stated that the funding for charter schools should be similar to the state wide average in local funding. Ms. Zeheralis also proposed that the local share of funding be paid by the charter sponsor instead of the school where the student resides. She also suggested there be a moratorium on the creation of new charter schools until the funding issues are resolved. Regarding the source of local funding, Ms. Zeheralis responded that Ball State might have to ask the state for funding, and the mayor of Indianapolis might have to increase taxes.

Chairman Porter asked about the status of \$13 million of federal money the state was told it might receive when charter school legislation was being considered. Terry Spradlin of the Department of Education explained that the Department applied and received approval for a \$11.8 million grant to be distributed over three years. The grant is approximately \$1.5 million the first year, \$3.6 million the second year, and \$6.7 million the third year. The Department would have to reapply for the grant after the third year. The grant can be used for planning and teacher development.

Roger Thornton, Indiana Association of School Superintendents, explained there are five issues concerning charter schools. The first is the insertion of a charter school funding component into the school formula for schools impacted by charter schools. The proposal would have state impact. The second is to look at the impact of students that did not attend the resident school the prior school year. The third issue is the impact of charter schools on the tuition support appropriation. The approximately \$2 million was not built into the appropriation. The fourth issue is the how the split between state and local funding varies among school corporations. The last issue is the difference in cost of providing elementary and high school education. The school formula does not differentiate between elementary and high school students in funding, but elementary programs are generally less expensive to educate than high school programs.

Lowell Rose, citizen, noted that the majority of the schools affected are urban schools. The transfer of \$3 million from Indianapolis Public Schools to charter schools will cause funding problems for the IPS. Mr. Rose felt that the state should fund charter schools directly.

Mike Malone, Timothy L. Johnson Academy, provided the Committee with newspaper articles, Exhibit E, on charter schools. The Leona Group which operates the Timothy L. Johnson Academy manages 40 schools in 4 states. Charter schools have a problem borrowing money to acquire buildings and equipment to start charter schools. Banks are reluctant to lend money to charter schools.

Kevin Teasley, 21st Century Charter School, told the Committee that 75% of their students qualify for free or reduced lunch, and charter schools generally have more parental involvement. He also said that charter schools have no funding guarantees and that obtaining credit is a challenge. Charter schools do not receive capital funding from public schools.

Cynthia Diamond, Flanner House Elementary School, explained that Flanner House is a school of tradition and has historically had a good working relationship with Indianapolis Public Schools. She also provided the Committee with a brochure, Exhibit F, on Flanner House.

Issues Relating to the Administration of the Graduation Qualifying Exam and Indiana's Special Education Population

Bob Marra, Special Education Director for the Department of Education, provided the Committee with a report, Exhibit G, on special education student graduations. The report was generated by sending a questionnaire to schools. Next year the Department will be able to track students better using the new student test number. The survey had a 100% response rate but only reported 5,010 students, while the December 1, 2001, child count reported 6,761 special education students. He told the Committee that 79% of special education students received a diploma. The report included the number of diplomas and certificates of completion by category. The report also included the type of diploma given. Mr. Marra told the Committee that the Department may need to look at a mental disability category; 78% of the diplomas were granted through the waiver process. The percentage receiving a diploma ranged from 100% for communication disorder to 0% for severe mental disability. A special education student can take the Graduation Qualifying Exam up to five times just as other students.

The Committee asked if the waiver process was the same as for other students. Mr. Marra replied that it was. The Committee also asked how special education students affect the calculation of the graduation rates for public schools.

Amy Cook Lurvey, Council of Volunteers & Organizations for Hoosiers w/ Disabilities Inc., told the Committee she been following special education for 42 years and the new standards will create a different curriculum. Expectations have been raised and progress has been made but the state still has quite a way to go.

The meeting was adjourned at 12:35pm.